

Electronically Recorded

Official Public Records

Tarrant County Texas

2009 Feb 19 02:57 PM

Fee: \$ 52.00

Submitter: SIMPLIFILE

D209046044

10 Pages

*Argonne Henderson*

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

STATE OF TEXAS                   §  
  §                   KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF TARRANT       §

**SECOND AMENDMENT TO OIL AND GAS LEASE**

Reference is hereby made to that certain Oil and Gas Lease, dated effective August 1, 2007, by and between TEXAS CHRISTIAN UNIVERSITY, whose address is Texas Christian University, Finance and Administration, Box 297041, S. University Drive, Fort Worth, Texas 76129 ("Lessor"), and FOUR SEVENS RESOURCES CO., LTD., whose address is 1090 Fort Worth Club Building, 777 Taylor Street, Fort Worth, Texas 76102 ("Four Sevens"), and to a memorandum of the same date which was recorded in the Tarrant County Deed Records at Document Number D207282725 (the "Lease").

WHEREAS Four Sevens' interest in the Lease was assigned to CHESAPEAKE EXPLORATION, L.L.C., an Oklahoma limited liability company ("Chesapeake") by that certain Assignment, Bill of Sale and Conveyance, dated effective the 27th day of September, 2007, recorded as Document No. D207356777 in the Official Public Records of Tarrant County, Texas;

WHEREAS Chesapeake and Lessor executed a First Amendment to Oil and Gas Lease, dated February 20, 2008, which extended the primary term of the Lease from 18 months to 30 months, recorded as Document No. D208074746 in the Official Public Records of Tarrant County, Texas. (the "First Amendment"); and

WHEREAS Chesapeake, as the current Lessee under the Lease, and Lessor, desire to execute this Second Amendment to Oil and Gas Lease (the "Second Amendment").

NOW, THEREFORE, Chesapeake, as the current Lessee under the Lease, and Lessor, for good and valuable consideration and the covenants and agreements stated herein, hereby amend the terms of the Lease (and First Amendment to the Lease) as set forth below:

1. The title of the Lease is **deleted and replaced** with the following: "Oil and Gas Lease (No Surface Use)."

2. Paragraphs "9. SEISMIC OPERATIONS." "10. SURFACE USE AND PROTECTION." "17. PLUGGING OF WELLS." "28. OVERRIDING ROYALTY—POOLED ACREAGE." "29. OVERRIDING ROYALTY—OFF LEASE WELL(S)." and "32. HEALTH AND SAFETY VIOLATIONS" of the Lease are all hereby **deleted** from the Lease in their

D209046044

entirety.

3. Paragraph 3(m) of the Lease is hereby **deleted** in its entirety.

4. Paragraph 6 of the Lease is hereby **deleted** in its entirety and **replaced** by the following new paragraph 6:

**“6. CONTINUOUS DEVELOPMENT.”**

(a) At the end of the Primary Term, this Lease shall terminate as to all of the Leased Premises unless Lessee has commenced drilling operations on a horizontal well within the “Horned Frog Unit” (as defined below) and/or the “Steel Unit” (as defined below). Thereafter, this Lease shall continue in force and effect as to all of the Horned Frog Unit and Steel Unit until Lessee allows more than one-hundred and twenty (120) days to elapse between the completion of a well and the commencement of drilling operations on the next well within the two pooled units (the “**Continuous Development Period**”). The Continuous Development Period shall be shared between the Horned Frog Unit and the Steel Unit, so that any well drilled in one unit shall be deemed to maintain the Continuous Development Period for both units. In the event a well is completed prior to the end of the Primary Term, the one hundred and twenty (120) days of the Continuous Development Period shall run from the end of the Primary Term instead of the completion of such well.

(b) For purposes of the calculation of the Continuous Development Period above, drilling operations shall be deemed to have “commenced” when a drilling rig capable of drilling a horizontal well within the Barnett Shale formation has been moved to the well location, and the “completion” of a well shall be the date of release of the drilling rig.

(c) In the event that Lessee fails to drill and complete at least five (5) horizontal wells (with a portion of the perforated well bore located in the subsurface of the Leased Premises contributed to the Horned Frog Unit) prior to the end of the Continuous Development Period, then Lessor shall have the right, but not the obligation, to require Lessee to reduce the size of the Horned Frog Unit so that it includes, only with respect to the Leased Premises and no other lands within the pooled unit, no less than the minimum amount of the Leased Premises required under the lease or property line setback requirements of the Newark, East (Barnett Shale) Special Field Rules to produce from any then-existing perforated well bores within the Horned Frog Unit (e.g. for one well drilled one thousand feet (1000') into the Leased Premises from the Horned Frog Unit, the pooled unit could be reduced to only include 20.15 acres of the Leased Premises surrounding such wellbore, derived by taking 1330' x 660' (330' from the well bore)); Lessor's right to reduce the size of the Horned Frog Unit may be exercised at any time, and from time to time, within one (1) year after the end of the Continuous Development Period. Lessor shall exercise such right by sending written notice to Lessee, and Lessee shall have no more than thirty (30) days to

release such acreage from the Horned Frog Unit and the Lease in a recordable instrument reasonably acceptable to Lessor.

(d) In the event that Lessee fails to drill and complete at least four (4) horizontal wells (with a portion of the perforated well bore located in the subsurface of the Leased Premises contributed to the Steel Unit) prior to the end of the Continuous Development Period, then Lessor shall have the right, but not the obligation, to require Lessee to reduce the size of the Steel Unit so that it includes, only with respect to the Leased Premises and no other lands in the pooled unit, no less than the minimum amount of the Leased Premises required under the lease or property line setback requirements of the Newark, East (Barnett Shale) Special Field Rules to produce from any then-existing perforated well bores within the Steel Unit (e.g. for one well drilled one thousand feet (1000') into the Leased Premises from the Steel Unit, the pooled unit could be reduced to only include 20.15 acres of the Leased Premises surrounding such wellbore, derived by taking 1330' x 660' (330' from the well bore)); Lessor's right to reduce the size of the Steel Unit may be exercised at any time, and from time to time, within one (1) year after the end of the Continuous Development Period. Lessor shall exercise such right by sending written notice to Lessee, and Lessee shall have no more than thirty (30) days to release such acreage from the Steel Unit and the Lease in a recordable instrument reasonably acceptable to Lessor.

(e) After the completion of the Continuous Development Period within the Horned Frog Unit, this Lease shall: (i) remain in force and effect as to all of the Leased Premises included within the Horned Frog Unit (subject to the potential reduction set out in subparagraph (c) above) for so long as oil or gas are produced from the unit in paying quantities; and (ii) terminate as to all depths underlying the Leased Premises within the Horned Frog Unit that lie one hundred feet (100') below the Barnett Shale formation. If at any time thereafter, production in paying quantities should cease from all wells within the Horned Frog Unit, this lease shall not terminate as to that portion of the Leased Premises then included within the Horned Frog Unit if drilling or reworking operations are commenced within the Horned Frog Unit within ninety (90) days after such cessation of production; and if such drilling or reworking operations are so commenced, this lease will remain in effect as to the Leased Premises included within such Horned Frog Unit for as long as such drilling or reworking operations continue with no cessation of more than sixty (60) consecutive days, and if production of oil or gas is restored on the Horned Frog Unit, for as long as such production continues in paying quantities.

(f) After the completion of the Continuous Development Period within the Steel Unit, this Lease shall: (i) remain in force and effect as to all of the Leased Premises included within the Steel Unit (subject to the potential reduction set out in subparagraph (d) above) for so long as oil or gas are produced from the unit in paying quantities; and (ii) terminate as to all depths underlying the Leased Premises within the Steel Unit that lie one hundred feet (100') below the Barnett

Shale formation. If at any time thereafter, production in paying quantities should cease from all wells within the Steel Unit, this lease shall not terminate as to that portion of the Leased Premises then included within the Steel Unit if drilling or reworking operations are commenced within the Steel Unit within ninety (90) days after such cessation of production; and if such drilling or reworking operations are so commenced, this lease will remain in effect as to the Leased Premises included within such Steel Unit for as long as such drilling or reworking operations continue with no cessation of more than sixty (60) consecutive days, and if production of oil or gas is restored on the Steel Unit, for as long as such production continues in paying quantities."

5. Paragraph 7 of the Lease is hereby **deleted** in its entirety and **replaced** by the following new paragraph 7:

"7. **POOLING.** Lessee shall pool that portion of the Leased Premises shown to be within the "Horned Frog Unit," as depicted on the plat attached hereto as Exhibit "B," into a pooled unit no larger than 523 acres in total size (the "**Horned Frog Unit**"). Lessee shall pool all the remaining portion of the Leased Premises shown to be within the "Structured Steel Unit," as depicted on the plat attached hereto as Exhibit "B," into a pooled unit no larger than 328 acres in size (the "**Steel Unit**"). No other pooling of the Leased Premises shall take place without the prior written consent of Lessor, which may be withheld, conditioned and/or delayed in the sole discretion of Lessor. Lessee shall execute an instrument identifying the Horned Frog Unit and the Steel Unit, and file each for record in the public office in which this lease is recorded prior to commencement of drilling operations in either pooled unit. Production of oil or gas from any part of one of the two pooled units shall be considered as production of oil and gas only from that portion of the Leased Premises included in such Pooled Unit. For the purpose of computing the royalties to which owners of royalties and payments out of production shall be entitled on production of oil and gas from any pooled unit, there shall be allocated to that portion of the Leased Premises included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas produced from the pooled unit which the number of surface acres of the Leased Premises included in the pooled unit bears to the total number of surface acres included in the pooled unit. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the pooled unit (or to each separate tract within the unit) that pro rata portion of all of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in such separate tract) and included in the pooled unit bears to the total number of acres in the pooled unit. Pooling hereunder shall not constitute a cross-conveyance of interests. In the event this lease, or any part thereof, covers separate tracts, no communitization of royalty interests as between any such tracts is intended or shall result from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right and authority to pool or unitize the lease premises as provided in the pooling or other such provisions contained in this

lease. As used in this paragraph, the term "separate tract" means any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the Leased Premises. At any time while this lease is in force, Lessee may not reduce Lessor's royalty interest in either pooled unit without Lessor's prior written consent, which may be withheld, conditioned and/or delayed in Lessor's sole discretion."

6. The words "or any adjacent property" in line 19 of Paragraph "11. INDEMNITY" of the Lease are hereby **deleted** and **replaced** with the following: "lands pooled therewith or lands utilized for any such pooled unit operations."

7. Paragraph "13. INSURANCE" of the Lease is hereby **deleted** in its entirety and **replaced** by the following new paragraph 13:

"13. INSURANCE. Lessee, at its own expense, shall maintain a general liability insurance policy (covering both bodily injury, property damage, cleanup, surface remediation, blowout and loss of well coverage and covering Lessee's indemnity obligations under this lease) in an amount of at least \$5,000,000 combined single limit. Lessee shall also, at its own expense, carry worker's compensation insurance as required by law. Said policies shall (i) name Lessor as an additional insured (except for the worker's compensation policy, which instead shall include a waiver of subrogation endorsement in favor of Lessor), and (ii) provide that said insurance shall not be canceled unless thirty (30) days prior written notice shall have been given to Lessor."

8. References to "wells on the Leased Premises" in Paragraph "27. LESSOR'S ACCESS TO INFORMATION" shall now include wells located in a pooled unit with the Leased Premises but not drilled from a drill site located on the surface of the Leased Premises. Additionally, the following sentences shall be added to the end of Paragraph 27(a) of the Lease:

"Lessee shall have the right to bar any member of the Educational Group from accessing the derrick floor and/or the related drill site that has not signed a reasonable release of claims against Lessee and Lessor, releasing Lessee and Lessor from any liability related to such visit, and agreeing to comply with all rules, regulations, and instructions issued by Lessee or its contractors while upon, entering or leaving such drill site."

9. Lessor and Lessee agree to add the following new paragraphs to the Lease:

"36. NO SURFACE USE. Notwithstanding anything in this Lease to the contrary, **Lessee and its contractors, agents and affiliated entities shall have no right to enter upon, conduct any drilling or other surface operations of any nature, or place any facilities or structures of any kind on, over or across, any portion of the surface of the Leased Premises (including, but not limited to, exploration activities of any nature, seismic activities, the laying of pipelines, surveying, the building of roads, tanks, power stations, telephone**

lines, flow lines, electric power lines, tank batteries, or treaters). Provided however, Lessee shall have the limited right to enter the Leased Premises with a subsurface horizontal or directional wellbore drilled from a surface drill site(s) on other lands in an effort to explore for and develop oil and gas under the Leased Premises, provided that such operations do not interfere with the surface of the Leased Premises or the subsurface support of any improvements constructed on the Leased Premises."

"37. NO COMPRESSORS. Lessee shall not locate any compressors for the compression of gas within three thousand feet (3,000') of the Leased Premises, without the prior written consent of Lessor which may be withheld, conditioned or delayed in the sole discretion of Lessor."

"38. REVERSION. In addition to its other implied and express obligations under this Lease, Lessee shall exercise all reasonable good faith efforts (including, but not limited to, permitting, leasing and engineering) necessary to drill and develop the Steel and Horned Frog Units, as contemplated by this Second Amendment. If after July 1, 2009, Lessee reasonably determines that development of the Leased Premises as part of the two proposed pooled units is not feasible (and no wells have been drilled in either proposed pooled unit), Lessee shall have the one-time right, but not the obligation, to void this Second Amendment in its entirety (including Lessor's consent of the Steel and Horned Frog Units) and revert the legal obligations of Lessee and Lessor to the terms of the original Lease, as amended in the First Amendment. Such option shall be exercised on or before July 31, 2009, by written notice from Lessee to Lessor."

10. Paragraph Exhibit "B" to the Lease is hereby **deleted** in its entirety and replaced with the new Exhibit "B" attached hereto.

11. The first sentence of paragraph 19 of the Lease is deleted and replaced with the following sentence:

"For purposes of this lease, an "offsetting well" is a well that is producing oil or gas from an adjacent or nearby unit or land, in which Lessor does not own a royalty interest, and any portion of the producing wellbore or the subsurface fractures thereof come within six hundred and sixty feet (660') of the Leased Premises and are reasonably deemed to be draining the Leased Premises."

12. In the event of a conflict between the terms and provisions of this Second Amendment and the terms and provisions of the Lease or the First Amendment thereto, the terms and conditions of this Second Amendment shall prevail as to the extent of such conflict.

13. This Second Amendment shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors and assigns.

14. This Second Amendment may be signed in any number of counterparts, each of

which shall be considered an original for all purposes, with the same effect as if the signatures thereto and hereto were upon the same instrument.

EXECUTED on the date(s) subscribed to the acknowledgements below, but for all purposes effective as of the Effective Date of the Lease, which is August 1, 2007.

**LESSOR:**

**TEXAS CHRISTIAN UNIVERSITY**

By: 

Its: Vice Chancellor for Finance and Administration

Printed Name: Brian G. Gutierrez

**LESSEE:**

**CHESAPEAKE EXPLORATION, L.L.C.,**  
an Oklahoma Limited Liability Company

By:  DRP

Henry J. Hood—Land and Legal & General Counsel  
Chesapeake Exploration, L.L.C., successor by merger to  
Chesapeake Exploration, L.P.

ACKNOWLEDGEMENTS

STATE OF TEXAS           §  
                                     §  
COUNTY OF TARRANT   §

This instrument was acknowledged before me on the 6 day of February 2009, by Brian G. Gutierrez, as Vice Chancellor for of Texas Christian University on its behalf. Finance and Administration



Terry Haney  
Notary Public

My Commission Expires: 11.12.2011  
My Commission Number:           

STATE OF OKLAHOMA       §  
                                     §  
COUNTY OF OKLAHOMA   §

Before me, a Notary Public, on this day personally appeared Henry Hood as Senior Vice President-Land and Legal & General Council of **Chesapeake Exploration, L.L.C.**, successor by merger to Chesapeake Exploration, L.P., a Limited Liability Corporation, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal this 16th day of February, 2009.

[SEAL]

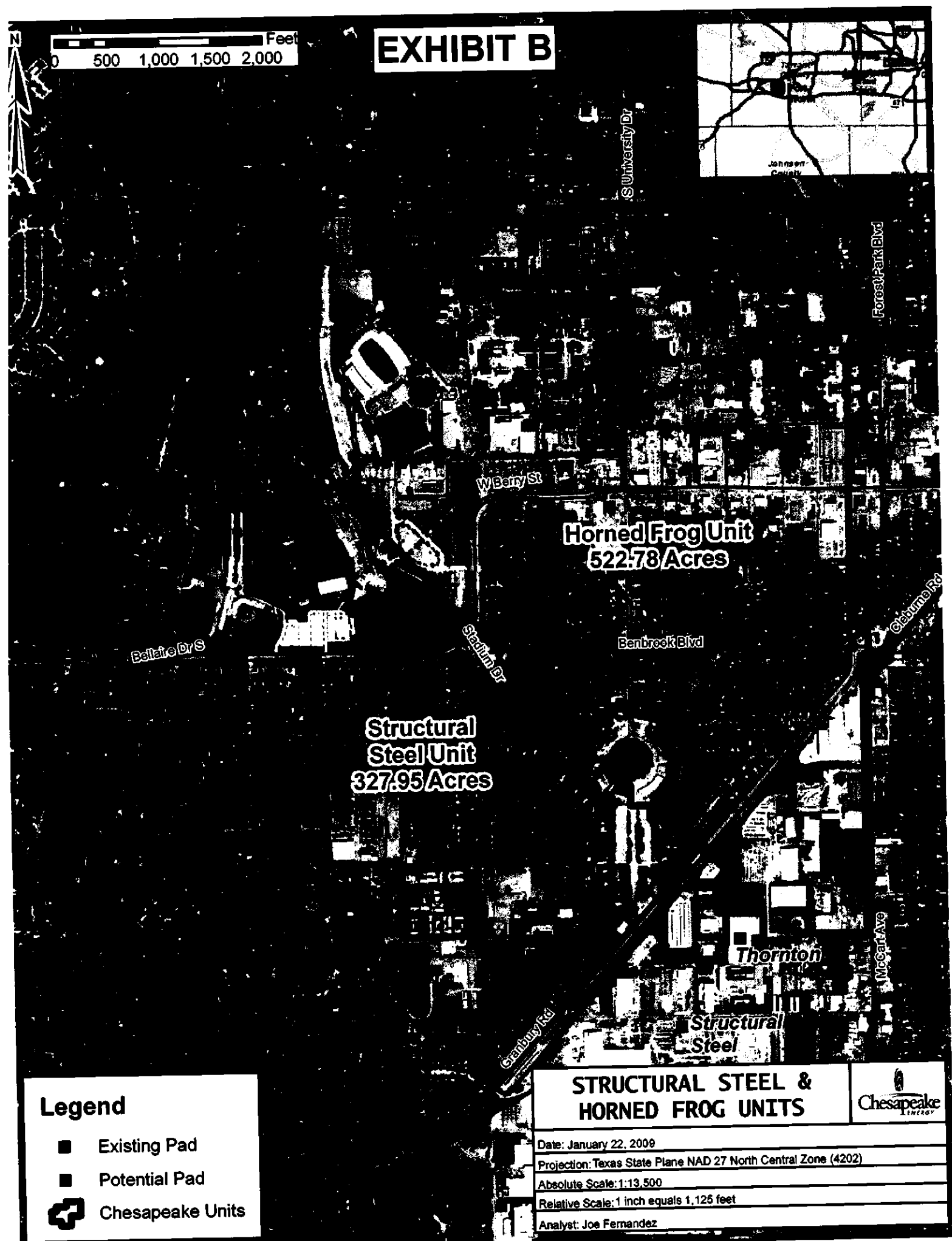


Debbie F. Allen

Notary Public, State of Oklahoma  
Notary's name (printed):  
Notary's commission expires:

**Exhibit "B"**

*[attach plat of the Horned Frog Unit and Steel Unit]*



# EXHIBIT B

0 500 1,000 1,500 2,000 Feet

Horned Frog Unit  
522.78 Acres

Structural  
Steel Unit  
327.95 Acres

## Legend

- Existing Pad
- Potential Pad
- Chesapeake Units

## STRUCTURAL STEEL & HORNEF FROG UNITS



Date: January 22, 2009  
Projection: Texas State Plane NAD 27 North Central Zone (4202)  
Absolute Scale: 1:13,500  
Relative Scale: 1 inch equals 1,125 feet  
Analyst: Joe Fernandez